



**MEMORANDUM
OFFICE OF THE
COUNTY EXECUTIVE
COUNTY OF PLACER**

TO: Honorable Board of Supervisors

FROM: Thomas M. Miller, County Executive Officer
By: Therese D. Leonard, Principal Management Analyst

DATE: September 12, 2006

SUBJECT: FY 2006-07 Final Budget Public Hearing

ACTION REQUESTED

It is recommended that the Board:

A. Convene the required public hearing on the FY 2006-07 Final Budget; take public comment on the budget and receive any requests for additional funding; if necessary, direct staff to make written changes to the budget before close of the public hearing; close the public hearing; and

B. Direct staff to prepare the resolution for presentation at the next Board meeting to adopt the Proposed Budget including the following revisions:

- (1) Approve \$50,196,399 net allocations in the County Budget (Attachment A); and
- (2) Approve allocations for proprietary funds (Attachment B); and
- (3) Approve items listed on the Master Fixed Asset List (Attachment C); and
- (4) Approve the recommended Position Allocation Listing (Attachment D); and
- (5) Approve reserve provisions and cancellations for county funds (Attachment E); and
- (6) Approve allocations in Board of Supervisor governed special districts (Attachment F);
- (7) Authorize the Auditor-Controller to make technical, non-substantive budget adjustments to the Final Budget.

BACKGROUND

In August your Board conducted budget workshops with all county departments during which the County budget and proposed revisions were discussed. The County Budget Act requires your Board to conduct a noticed public hearing on the Final Budget. At this hearing members of the public may comment on the budget and department heads may make additional budget appeals. All recommended changes to the Budget must be provided as part of the Public Hearing

and approved by your Board following the close of the hearing¹. The Final Budget will be presented for formal adoption as the County's FY 2006-07 operating plan at your Board's next meeting on September 26th as required by law. On September 26th, your Board may make adjustments to the Final Budget with a four-fifths vote.

The revisions to the Proposed Budget that are being recommended today take into account discussions and board direction during the August Budget Workshops. It is important to note that several labor negotiations, with potential budget impacts, remain outstanding at this time. In addition, the Health and Human Service Department plans to return to your Board later this fiscal year for midyear budget adjustments when final State and Federal funding allocations are known.

While these issues remain outstanding, Placer County has maintained funding for critical service areas primarily due to growth in property tax and other revenues, and excess carryover fund balance. Recommendations contained in the FY 2006-07 Final Budget include the following:

- The number of county positions is recommended at 2,843, representing a net increase of 16 positions from the Proposed Budget, specifically:
 - Eleven position additions are recommended in the Public Safety departments as follows: 3 - Sheriff's Department, 5 - District Attorney's Office, and 3 - Probation Department. Two Probation Department positions were added during Budget Workshops to support the Driving Under the Influence Program.
 - A children's librarian was added to Library Services for the Rocklin Library and a position was added to bolster resources in Veterans Services.
 - Also added during Budget Workshops: 1 position for the Auditor Controller to support the Internal Audits Division; 1 administrative secretary added to support the Personnel Department; and 1 position added to the County Executive Office to convert the Biomass Contract Employee to a permanent allocation.
- Public safety appropriations are recommended to increase \$5.1 million over the adopted Proposed Budget due to an increased General Fund contribution, additional revenues, and other funding that became available at the end of the fiscal year.
- Funding of \$1.5 million was set aside for possible future purchase of a multi-mission helicopter (law, search & rescue, and fire). County Executive Office staff will return to the Board in 60-90 days, during which time they will complete the necessary project lifecycle due diligence; determine the full costs associated with the program, both one time and operating; and identify city and other partners for the project. Funding for this set aside was taken from General Fund reserves (\$1 million) and Sheriff's Air Ops Reserves (\$500,000).
- New General Fund contributions to capital construction projects of \$6.1 million.
- Board directed increase during Budget Workshops to the General Fund contribution to the road overlay program of \$300,000, for a total contribution of \$2.3 million in FY 2006-07. In addition, the Road Maintenance Program will receive \$3.7 million (Proposed Budget).

¹ Outstanding encumbrances consisting of issued contracts and purchase orders are added to appropriations in FY 2006-07 but are not included in the totals presented today since the amounts were obligated in the prior year.

- The General Fund will add \$30,000 to the Placer County Arts Council Contract for a total contract cost of \$150,000 for FY 2006-07.
- Board allocation of an additional \$114,000 for Animal Control Services.

FY 2006-07 presents numerous challenges in spite of the funding increases and position additions included with this budget process and, as a result, departments will need to continue their practices to seek operational economies and efficiencies for service delivery.

The Final Budget² presented to your Board today represents a net increase of \$50.19 million over the adopted Proposed Budget.

Operating Funds	Proposed Budget	Changes	Final Budget
General Fund	\$ 342,416,938	\$ 11,242,081	\$ 353,659,019
Other Operating Funds	209,044,903	24,270,402	233,315,305
Capital Budget	86,999,638	14,683,916	101,683,554
Total Budget:	\$ 638,461,479	\$ 50,196,399	\$ 688,657,878

GENERAL FUND - Summary Changes from the Proposed Budget

Recommended General Fund expenditure changes total \$11.2 million. Recommendations include increased contributions to the Building Fund for construction of the Auburn Justice Center (\$1.5 million); Community Development Resources Center (\$1.5 million); Site Acquisition for the West Placer Animal Shelter (\$2 million); Foresthill Library (\$600,000); and Rocklin Library (\$500,000). Other General Fund adjustments provide a set-aside for a possible helicopter purchase (\$1 million); provides increased funding to support public safety operations (\$1.49 million); increases the contribution to the road overlay program (\$300,000); provides additional funding for Animal Services (\$114,000); provides increased funding for the Placer County Arts Council Contract (\$30,000); includes grant allocations \$1.9 million; and funds other program and service costs (\$319,129).

Additional resources used to fund recommended General Fund Final Budget allocations also total \$11.2 million and are derived from several sources including additional year-end fund balance carryover (\$1.3 million), increased property and related taxes and other revenues (\$8.9 million), and General Fund reserves that are being cancelled with the Final Budget to fund the helicopter set aside (\$1 million).

OTHER FUNDS – Summary Changes from the Proposed Budget

Similar increases are recommended for the other County operating funds, proprietary funds (Attachment B) and special districts under your Board's jurisdiction (Attachment F). As with the General Fund, the budget resources are increased from additional final fund balances, revenue increases, and/or reserve cancellations. Budget uses are increased for budget items if funding is available, rebudgeted costs from FY 2005-06, supplemental expenditures, and/or to fund reserve

² Only includes County operating funds, not internal service, enterprise, and special district funds.

increases. Additional information can be located in the attached supplemental information memorandum and schedules.

FISCAL IMPACT

Approval of the recommended appropriations of additional fund balance and revenues will result in a balanced budget for the County for FY 2006-07 as shown in the following table.

County Operating Funds	Fund Balance Available	Revenue & Cancelled Reserves	Total Budget Resources	Total Uses of Funds & Reserve Additions
General Fund	\$ 25,432,988	328,226,031	353,659,019	353,659,019
Community Services	1,928	1,724,410	1,726,338	1,726,338
Community Grants	306,086	3,913,658	4,219,744	4,219,744
Special Aviation	8,944	10,000	18,944	18,944
Public Safety	5,400,097	109,128,366	114,528,463	114,528,463
Gold Country Adv & Promotion	177,823	227,729	405,552	405,552
Road	3,517,565	86,205,974	89,723,539	89,723,539
Fish & Game	10,518	2,200	12,718	12,718
Tahoe TOT	443,788	4,100,000	4,543,788	4,543,788
Open Space	342,656	1,513,750	1,856,406	1,856,406
Library Fund	670,761	5,093,736	5,764,497	5,764,497
Fire Control	587,091	6,483,592	7,070,683	7,070,683
Debt Service Fund	6,607	3,438,026	3,444,633	3,444,633
Subtotal Operating:	36,906,852	550,067,472	586,974,324	586,974,324
Building Projects	7,983,711	79,469,686	87,453,397	87,453,397
Securitization Projects	14,230,157	-	14,230,157	14,230,157
Subtotal Capital:	22,213,868	79,469,686	101,683,554	101,683,554
TOTAL	\$ 59,120,720	\$ 629,537,158	\$ 688,657,878	\$ 688,657,878

SUPPLEMENTAL INFORMATION

Final Budget Hearing – Summary of Recommended Operating Fund revisions from the FY 2006-07 Proposed Budget

General Fund / 100

Increases in the General Fund are the result of carryover fund balance, increased revenues, and the cancellation of reserves as summarized in Attachment A.

Community Services Fund / 103

Excess carryover fund balance in the Community Services Fund is recommended for the reserve account, Designations for Contingencies (\$1,928).

Community Revitalization Fund / 104

Final Budget allocations have been increased in the Community Revitalization Fund for grant related expenses (\$767,199), and are fully funded by additional revenues (\$711,113) and carryover fund balance (\$56,086).

Special Aviation / 107

Excess carryover fund balance in the Special Aviation Fund is recommended for the reserve account, Designation for Contingencies (\$6,444).

Public Safety Fund / 110

Recommended increases in revenue (\$1.8 million) and an increased contribution from the General Fund (\$2.49 million) will fund the recommended net changes to the Sheriff, Probation, District Attorney, and Criminal Justice CEO Appropriations.

Final Budget recommendations for the Sheriff's Department include increased appropriations of \$1,041,430 and revenue increases of \$2,184,690. With Final Budget recommendations, the District Attorney's budget has increased \$878,569 and revenue estimates have increased by \$505,864. Final Budget recommendations for the Probation Department include an allocation increase of \$1,382,224 and a revenue estimate increase of \$598,394. Eleven position additions are recommended in the Public Safety departments as follows: 3 - Sheriff's Department, 5 - District Attorney's Office, and 3 - Probation Department.

With Final Budget, the Criminal Justice CEO appropriation recommended increase is \$1,692,454 and revenues are increased \$1 million dollars. Primarily these adjustments are the result of a one-time contribution from the General Fund (\$1 million) and cancellation of Sheriff Air Ops reserves (\$500,000) to provide funding of \$1.5 million for possible future purchase of a multi-mission helicopter. In addition, the Criminal Justice CEO appropriation will set \$153,391 into a reserve account, Designation for Contingencies.

Gold Country Tourism and Promotion / 115

The Gold County Tourism & Promotions Fund includes additional funding for other west slope activities (\$72,659). This fund is balanced with the cancellation of \$1,729 from reserves, Designated for Contingencies.

SUPPLEMENTAL INFORMATION (Continued)

Road Fund / 120

Increased funding in the Road Fund has been realized from additional carryover fund balance (\$1 million) and estimated revenue additions (\$15.2 million). Funding recommendations are included for construction and road surface projects (\$13.3million), and road maintenance including activities such as patch paving, lime treatment, tree trimming and related expenses (\$1.2 million). Excess carryover fund balance has been set aside in a reserve account, DPW CIP Reserve (\$1,570,457), and the cancellation in the Proposed Budget from the Designation for Tahoe Expansion was reversed (\$250,000).

Fish and Game / 130

The Fish and Game Fund will place excess carryover fund balance into a reserve account, Designation for Future Occurrences (\$6,217).

Building Fund / Capital Improvements / 140

The Capital Improvement Fund Final Budget reduces revenues by a total of \$6.37 million offset by additional carryover fund balance (\$6.8 million). Final Budget recommendations include new project funding from the General Fund (\$6.1 million) to support the Community Development Resources Agency (\$1.5 million); the Auburn Justice Center (\$1.5 million); the Rocklin Library (\$500,000); the Foresthill Library (\$600,000); and the West Placer Animal Shelter (\$2 million). Excess carryover fund balance of \$415,000 was added to the Auburn Justice Center project budget to provide for equipment and furniture needs in the new facility. Finally, the Building Fund added \$5,990 to the reserve account, Designated for Fixed Asset Acquisition.

Capital Projects Securitization Fund / 141

This fund contains the balance of the proceeds that resulted from securitization of Master Settlement Agreement revenues in 2006 and some excess General Fund funding from prior years. Final budget adjustments for the Capital Improvement Securitization Fund provides funding for the South Placer Courthouse (\$13.5 million) and transfers of prior years General Fund contributions to Building Fund projects (\$662,459).

Lake Tahoe Tourism and Promotion / 145

The Lake Tahoe Tourism and Promotions Fund excess carryover fund balance will provide additional funding with final budget for the North Lake Tahoe Resort Association Contract (\$382,801) and beach patrol services (\$4,713). The Lake Tahoe Tourism Fund will add \$56,274 to a reserve account, Designated for Other Restricted.

Open Space / 150

The Open Space Fund excess carryover fund balance provides funding for the Spears Ranch restoration and the Hidden Falls EIR Project Management (\$334,000). With Final Budget, the Open Space Fund will add \$8,656 to a reserve account, Designated for Open Space Acquisition.

SUPPLEMENTAL INFORMATION (Continued)

Library Fund / 160

Final budget recommendations include the funding and position allocation for a children's librarian for the Rocklin Library, computers and other library related expenses (\$194,479), offset by estimated, new revenues (\$57,716) and carryover fund balance. The Library will place excess carryover fund balance of \$354,948 into a reserve account, Designated for Fixed Assets.

Fire Control Fund / 170

Final Budget recommendations for the Fire Protection Fund included increases for fire related expenses (\$439,543), partially offset by estimated revenues (\$249,028). The Fire Protection Fund will place funding into reserve accounts, Designated for FA Acquisition (\$267,931) and Designated for Contingencies (\$128,645).

Debt Service Fund / 190

Excess carryover fund balance will be placed in a reserve account, Designation for Future Occurrences (\$6,607).